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Thailand

Grain and Feed

Rice Crop Survey in the Northeast 2006

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Report Highlights:

MY 2006/07 rice production in the northeast is expected to increase slightly from the previous year due mainly to yield improvement. Unseasonal rain associated with typhoon activity has had a positive impact on this year's crop in that region.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Bangkok [TH1]
[TH]

Rice cultivation in the northeast accounts for about 60 percent of the main rice crop in Thailand, accounting for half of the main crop production. The northeast, covering 19 provinces of Thailand, is the major growing area for fragrant rice and glutinous rice. MY 2006/07 rice production in the northeast is expected to increase by 1.2 percent to around 11 million tons of paddy (around 7.3 million tons milled equivalent). The increase reflects yield improvements due to favorable rainfall in many provinces. Also, the damage from tropical depressions (Typhoon Prapiroon in early August and Typhoon Xangsane in late September) is less than previously estimated. Less damage occurred from this year's flooding than from drought in the past two years.

Harvest Almost Finished with Good Main Crop Production

Main crop production in the region is expected to increase slightly to 10.5 million tons of paddy (6.9 million tons milled equivalent), of which around 4.6 million tons are glutinous paddy. Fragrant paddy production is estimated at 5.9 million tons, up slightly from the previous year's level of 5.8 million tons. The increase reflected an acreage expansion due to attractive intervention prices which were set by the previous government. Although there

Estimated Paddy Production in the Northeast

	Unit: Million Ton		
	2004/05	2005/06	2006/07
Main Crop	10.0	10.4	10.5
Second Crop	0.4	0.3	0.4
Total	10.4	10.7	10.9

was a lack of precipitation prior to harvest, the tropical depressions in early August and late September improved average yields to around 327 kg./rai, up significantly from the previous year's levels, particularly in the central and lower part of the northeast. The damaged areas from flooding are expected at around 1.2 – 1.5 million rai (192,000 – 240,000 hectare), lower than the official estimates which are around 2 million rai (320,000 hectare).

Anticipated Acreage Expansion in Second Crop

Flooding from Typhoon Xangsane had a positive effect on the second crop in this region. Planted areas are expected to expand by around 5 percent to nearly 350,000 tons of paddy (231,000 tons milled equivalent), most of which is glutinous paddy following attractive current market prices. Currently, glutinous rice prices unexpectedly outpaced fragrant rice price due to strong demand from China. However, these prices are reportedly leveling off as Chinese glutinous rice productions increases.

More Exportable Supplies of Fragrant Rice in 2007

Currently, intervention prices are lower than last year as the Government seeks to reduce market distortion. As a result, farmers have been selling fragrant paddy directly into the market. Meanwhile, after facing difficulty in sourcing paddy under the previous, aggressive, intervention policy, millers are continuing to build up their stocks. Millers reportedly faced strong domestic competition from increased production capacity and an increase in the number of millers in the northeast, most of which are large-scale rice mills with production capacities of 500 tons of paddy a day. Millers from the central plain also sourced paddy from the northeast. The competition has helped stabilize domestic fragrant paddy prices at around 8,000 – 9,000 baht/tons, close to intervention prices. Meanwhile, current export demand is strong, particularly from Chinese buyers who are securing new fragrant rice crop.

End of Report.